AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Consolidated Financial Statements and Schedules

June 30, 2008

(With Independent Auditors' Report Thereon)

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

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KPMG LLP
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New York, NY 10154

Independent Auditors' Report

The Board of Governors
American Jewish Committee
and Institute of Human Relations:

We have audited the accompanying consolidated balance sheet of American Jewish Committee and Institute of Human Relations (the Organization) as of June 30, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organization's 2007 consolidated financial statements, and in our report dated February 27, 2008, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying consolidated financial statements were prepared to present the financial position, changes in net assets, and cash flows of the Organization and do not include the financial position, changes in net assets, and cash flows of United Nations Watch, Thanks to Scandinavia, Inc., and Transatlantic Institute, which are discussed in note 1 to the consolidated financial statements, and are not intended to be a complete presentation of the organization's consolidated financial statements. If United Nations Watch, Thanks to Scandinavia, Inc., and Transatlantic Institute were included in these financial statements, total revenues, gains, losses, and other support would change by approximately $(861,000) and $1,829,000 (net of eliminations), total expenses would increase by approximately $907,000 and $595,000 (net of eliminations), and net assets would increase by approximately $6,234,000 and $8,002,000 (net of eliminations) in 2008 and 2007, respectively. In addition, total assets would increase by approximately $6,284,000 and $8,012,000 (net of eliminations) and liabilities would increase by approximately $50,000 and $10,000 (net of eliminations) in 2008 and 2007, respectively. Under the date of April 13, 2009 we have reported on the consolidated financial statements of American Jewish Committee and Affiliates, including United Nations Watch, Thanks to Scandinavia, Inc., and Transatlantic Institute, as of and for the year ended June 30, 2008 and rendered an unqualified opinion thereon.

In our opinion, except for the effects of not consolidating certain entities as discussed in the preceding paragraph, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of American Jewish Committee and Institute of Human Relations as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in schedule 1 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The supplementary information in schedules 2 and 3 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and changes in net assets of the individual organization. The supplementary information referred to in this report has been subjected to the auditing procedure applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

April 13, 2009

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Consolidated Balance Sheet

June 30, 2008
(with comparative financial information as of June 30, 2007)

(In thousands)

Assets		**2008**	**2007**
Cash and cash equivalents	$	8,334	14,956
Contributions receivable (net of allowance for uncollectible amounts of $4,306 in 2008 and $5,337 in 2007) (note 4)		30,123	28,323
Investments, at fair value (note 3)		84,944	79,261
Prepaid expenses and other assets		1,314	1,583
Pension asset (note 6)		—	2,942
Fixed assets (net of accumulated depreciation and amortization of $14,717 in 2008 and $13,667 in 2007) (note 5)		7,795	7,604
Total assets	$	132,510	134,669
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,663	4,982
Accrued vacation and severance pay		2,332	2,262
Special retirement benefits (note 7)		1,029	1,122
Accrued pension and other benefit obligations (note 6)		4,847	1,937
Liability under split-interest agreements		1,888	1,393
Total liabilities		14,759	11,696
Commitments and contingencies (note 11)			
Net assets (note 10):			
Unrestricted		30,489	35,146
Temporarily restricted		26,748	31,065
Permanently restricted		60,514	56,762
Total net assets		117,751	122,973
Total liabilities and net assets	$	132,510	134,669

See accompanying notes to consolidated financial statements.

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Consolidated Statement of Activities

Year ended June 30, 2008
(with comparative financial information for the year ended June 30, 2007

(In thousands)

	2008				
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**2007**
Revenues, gains, losses, and other support:					
Contributions and special events (net of direct costs of special events of $2,796 in 2008 and $2,633 in 2007)	$ 38,070	2,975	5,621	46,666	51,039
Membership dues	3,163	—	—	3,163	3,356
Legacies and bequests	884	—	628	1,512	1,599
Publications	47	—	—	47	618
Rental income (note 11)	650	—	—	650	412
Interest and dividends, net (note 3)	1,158	484	—	1,642	1,693
Net realized and unrealized gain (loss) on investments	(1,208)	(3,304)	3	(4,509)	9,612
Change in value of split-interest agreements	98	(11)	—	87	647
Other	214	—	—	214	450
Net assets released from restrictions	6,961	(6,961)	—	—	—
Total revenues, gains, losses, and other support	50,037	(6,817)	6,252	49,472	69,426
Expenses:					
Program services:					
Domestic policy	2,108	—	—	2,108	1,739
Interreligious affairs	1,451	—	—	1,451	1,330
Government and international affairs	12,683	—	—	12,683	11,506
Community services and membership	16,764	—	—	16,764	15,308
Contemporary Jewish life	1,380	—	—	1,380	1,486
Public education, information, and research	4,937	—	—	4,937	5,864
Commentary magazine	—			—	1,163
Total program services	39,323	—	—	39,323	38,396
Supporting services:					
Management and general	3,818	—	—	3,818	3,305
Fund-raising	6,553	—	—	6,553	6,265
Total supporting services	10,371	—	—	10,371	9,570
Total expenses	49,694	—	—	49,694	47,966
Increase (decrease) in net assets before spin-off of Commentary net assets and effect of pension and postretirement changes other than net periodic benefit cost and reclassification of net assets	343	(6,817)	6,252	(222)	21,460
Spin-off of Commentary net assets (note 9)	—	—	—	—	(8,690)
Pension and postretirement changes other than net periodic benefit cost (note 6)	(5,000)	—	—	(5,000)	—
Effect of adoption of SFAS No. 158 (note 6)	—	—	—	—	481
Reclassification of net assets (note 10)	—	2,500	(2,500)	—	—
Change in net assets	(4,657)	(4,317)	3,752	(5,222)	13,251
Net assets at beginning of year	35,146	31,065	56,762	122,973	109,722
Net assets at end of year	$ 30,489	26,748	60,514	117,751	122,973

See accompanying notes to consolidated financial statements.

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Consolidated Statement of Cash Flows

Year ended June 30, 2008
(with comparative financial information for the year ended June 30, 2007)

(In thousands)

		2008	2007
Cash flows from operating activities:			
Change in net assets	$	(5,222)	13,251
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Spin-off of Commentary net assets		—	8,690
Depreciation and amortization		1,188	1,147
Contributions restricted for long-term investment		(6,249)	(6,315)
Contributions restricted for split-interest agreements		(389)	(566)
Net realized and unrealized loss (gain) of investments		4,509	(9,612)
Actuarial loss (gain) on split-interest obligations		(26)	(58)
Change in operating assets and liabilities:			
Contributions receivable, net		(2,931)	(1,786)
Prepaid expenses and other assets		269	715
Pension asset		2,942	427
Accounts payable and accrued expenses		(319)	1,111
Accrued vacation and severance pay		70	(147)
Special retirement benefits		(93)	(11)
Accrued pension and other benefit obligations		2,910	298
Net cash (used in) provided by operating activities		(3,341)	7,144
Cash flows from investing activities:			
Fixed asset acquisitions		(1,379)	(920)
Purchase of investments		(75,273)	(32,606)
Proceeds from sale of investments		65,081	26,023
Net cash used in investing activities		(11,571)	(7,503)
Cash flows from financing activities:			
Contributions restricted for long-term investment		6,249	6,315
Change in contributions receivable restricted for long-term investment		1,131	(2,738)
Proceeds from investment income subject to split-interest agreements		204	23
Proceeds from contributions under split-interest agreements		916	1,155
Payment of split-interest obligations		(210)	(137)
Net cash provided by financing activities		8,290	4,618
Net (decrease) increase in cash and cash equivalents		(6,622)	4,259
Cash and cash equivalents at beginning of year		14,956	10,697
Cash and cash equivalents at end of year	$	8,334	14,956

See accompanying notes to consolidated financial statements.

(1) Nature of Organizations

American Jewish Committee (the Committee) is a not-for-profit organization founded in 1906. The mission of the Committee is to protect and safeguard the welfare and security of Jews in the United States of America, in Israel, and throughout the world; strengthen the basic principles of democracy and pluralism around the world as the best defense against anti-Semitism and all forms of bigotry; enhance the quality of Jewish life by helping to ensure Jewish continuity; and to deepen ties between American and Israeli Jews.

Institute of Human Relations (IHR) is a fund-raising organization that remits all its revenues to the Committee. The Committee funds 100% of IHR's expenses.

The Committee and IHR are exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as organizations described in Section 501(c)(3) of the Code and qualify as public charities under Section 509(a) of the Code.

The Committee and IHR are related through common control with United Nations Watch (UNW), Thanks to Scandinavia, Inc., and Transatlantic Institute.

UNW is a not-for-profit association located in Geneva, Switzerland. UNW's mission is to monitor the United Nation's (UN) compliance with its 1945 Charter, with special focus on the due process and equal treatment afforded UN member states and the support by nongovernmental organizations of such charter compliance. UNW had total assets of approximately $420,000 and $178,000 and total revenues of approximately $838,000 and $627,000 for the years ended June 30, 2008 and 2007, respectively.

Thanks to Scandinavia, Inc. (TTS) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Code and is not a private foundation. TTS was formed for the purpose of awarding scholarships to Scandinavian students in gratitude for the rescue of persons of Jewish faith from the Holocaust. Scholarships are awarded to students who are approved by the TTS board based on an application process that includes approval by the various colleges included. TTS had total assets of approximately $5,886,000 in 2008 and $8,581,000 in 2007 and net assets of $5,818,000 in 2008 and $8,570,000 in 2007. Total revenues and losses (including net realized and unrealized (losses) gains on investments of $(496,000) in 2008 and $749,000 in 2007) were approximately $(1,498,000) for 2008 and $1,588,000 for 2007 and total expenses were $515,000 in 2008 and $467,000 in 2007.

Transatlantic Institute (TAI) is a not-for-profit association located in Brussels, Belgium. TAI was formed to foster ties among the European Union, Israel, and the United States of America. TAI had total assets of approximately $277,000 and $264,000 and total revenues of approximately $935,000 and $702,000 for the years ended June 30, 2008 and 2007, respectively.

The accompanying consolidated financial statements include the consolidated financial position and changes in net assets of the Committee and IHR only and do not include the financial position and changes in net assets of UNW, TTS, and TAI. Consolidated financial statements have been issued for the Committee, IHR, UNW, TTS, and TAI.

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(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the financial position and changes in net assets of the Committee and IHR. All significant interorganizational balances and transactions have been eliminated in the consolidation.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

(b) Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes thereto are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the Committee and IHR and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Committee and IHR. The donors of these assets specify the use of the income earned.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(c) Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are

(Continued)

recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions are substantially met.

(d) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Functional Expense Allocation

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

(f) Cash Equivalents

The Committee and IHR consider all highly liquid investments with original maturities of three months or less when acquired to be cash equivalents, except those amounts held by investment managers. Financial instruments, which potentially subject the Committee and IHR to a concentration of credit risk, are cash accounts with major financial institutions in excess of Federal Deposit Insurance Corporation insurance limits.

(g) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices. The fair value of alternative investments that are not readily marketable is based upon values provided by the fund managers, which are reviewed by management for reasonableness. Investment in real property is stated at fair value as determined by management.

(h) Risks and Uncertainties

The Committee invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

(i) Fixed Assets

Fixed assets are stated at cost. Depreciation and amortization are computed on the straight-line and accelerated methods over their estimated useful lives as follows:

Buildings	20 – 40 years
Building improvements	10 – 20 years
Furniture and equipment	5 – 10 years
Leasehold improvements	5 – 10 years
Telephone system	7 years

(j) Split-Interest Agreements

Charitable remainder trusts and charitable gift annuities are subject to the restrictions of gift instruments requiring the Committee to pay stipulated amounts to beneficiaries. Such payments terminate at the time of the donor's or beneficiary's death. The present values of payments to beneficiaries of the trusts and annuities are calculated using discount rates of 3.80% to 6.75%. The Committee has used actuarial assumptions and discount rates to record the present value of estimated future payments to beneficiaries.

(k) Comparative Financial Information

The consolidated statement of activities is presented with prior year's summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Committee's 2007 consolidated financial statements, from which the comparative totals were derived.

(l) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements.* SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and requires additional disclosures regarding the use of fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Committee is currently evaluating the impact SFAS No. 157 will have on its consolidated financial statements.

On August 6, 2008, the FASB issued FASB Staff Position (FSP) FAS No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* (UPMIFA)*, and Enhanced Disclosures for All Endowment Funds*. This FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The FSP also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not subject to an enacted version of UPMIFA. The provisions of the FSP are effective for fiscal years ending after December 15, 2008. UPMIFA has not been enacted in New York State.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 addresses the accounting for uncertainties in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosures. FIN 48 has been deferred an additional year, effective for fiscal years beginning after December 15, 2008.

(3) Investments

Investments at June 30, 2008 and 2007 consist of the following:

		2008	2007
		(In thousands)	
Cash and cash equivalents	$	9,240	1,876
Fixed income:			
State of Israel bonds		73	110
Government, agency, and corporate obligations		6,358	128
Alternative investments and mutual fund		19,197	16,757
		25,628	16,995
Equities:			
Common and preferred stocks		5,420	4,258
Mutual funds		31,050	34,714
Alternative investments		12,791	20,969
		49,261	59,941
Cash value of life insurance policies		709	357
Real estate		106	92
	$	84,944	79,261

Fixed income alternative investments include $18,195,000 and $14,478,000 at June 30, 2008 and 2007, respectively, of funds that do not trade publicly and, therefore, do not have published market prices. However, the underlying securities are principally marketable.

Investment and consulting fees, which are netted against interest and dividends, amounted to approximately $251,000 and $178,000 for the years ended June 30, 2008 and 2007, respectively.

Investments totaling approximately $2,844,000 and $2,245,000 as of June 30, 2008 and 2007, respectively, were held subject to charitable gift annuity obligations, and investments of approximately $102,000 and $118,000 were held in trust as of June 30, 2008 and 2007, respectively.

(4) Contributions Receivable

Contributions receivable at June 30, 2008 and 2007 are scheduled to be collected as follows:

		2008	2007
		(In thousands)	
Within one year	$	17,054	16,962
One to five years		16,977	16,348
More than five years		2,850	3,000
		36,881	36,310
Less discount to present value, at rates ranging from 2.25% to 6.00%		(2,452)	(2,650)
Less allowance for uncollectible amounts		(4,306)	(5,337)
	$	30,123	28,323

Included in contributions receivable at June 30, 2008 are pledges of approximately $17,950,000 (reflected net of a discount of approximately $1,851,000) from six donors. Included in contributions receivable at June 30, 2007 are pledges of approximately $17,159,000 (reflected net of a discount of approximately $2,120,000) from seven donors.

(5) Fixed Assets

Fixed assets consist of the following at June 30, 2008 and 2007:

		2008	2007
		(In thousands)	
Land	$	430	430
Buildings		5,231	5,231
Building improvements		8,592	7,961
Furniture and equipment		7,596	7,022
Leasehold improvements		663	627
		22,512	21,271
Accumulated depreciation and amortization		(14,717)	(13,667)
	$	7,795	7,604

(6) Pension Plan and Postretirement Medical and Life Insurance Benefit Plans

The Committee has a defined benefit pension plan covering substantially all of its employees. The benefits are based on the average of the highest three consecutive January 1 salaries, limited to a maximum of $225,000. The Committee's funding policy is to contribute annually the minimum amount allowed under the Employee Retirement Income Security Act of 1974 (ERISA).

In addition, the Committee has unfunded contributory postretirement medical and life insurance benefit plans. The postretirement medical plan covers all employees who have retired after age 63½ and have completed 10 years of service. The postretirement life insurance plan covers all employees who retired on or before January 1, 1998 after attainment of age 60 and 10 years of service and who were covered for active employee life insurance at the time of retirement.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. SFAS No. 158 requires an employer to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the balance sheet. The Committee adopted SFAS No. 158 effective June 30, 2007. As a result, the Committee recognized an increase in net assets of $481,000 in fiscal year 2007.

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The following tables provide information with respect to the plans as of and for the years ended June 30, 2008 and 2007:

		Pension benefits		Other benefits	
		2008	**2007**	**2008**	**2007**
		(In thousands)		(In thousands)	
Change in benefit obligation:					
Benefit obligation at July 1	$	47,720	41,905	1,937	2,176
Service cost		1,553	1,546	94	81
Interest cost		2,975	2,894	123	108
Plan participants' contributions		110	112	—	—
Actuarial loss (gain)		(1,531)	3,447	(151)	(329)
Benefits paid		(2,145)	(2,184)	(116)	(99)
Benefit obligation at June 30		48,682	47,720	1,887	1,937
Change in plan assets:					
Fair value of plan assets at July 1		50,662	44,850	—	—
Actual return on plan assets		(2,905)	7,884	—	—
Employer contribution		—	—	116	99
Plan participants' contributions		110	112	—	—
Benefits paid		(2,145)	(2,184)	(116)	(99)
Fair value of plan assets at June 30		45,722	50,662	—	—
Funded status	$	(2,960)	2,942	(1,887)	(1,937)
Balance sheet recognition:					
Prepaid (accrued) benefit cost	$	(2,960)	2,942	(1,887)	(1,937)

(Continued)

Included in the projected accumulated benefit obligation is approximately $331,000 and $340,000 for 2008 and 2007, respectively, of life insurance, and approximately $1,556,000 and $1,597,000 for 2008 and 2007, respectively, for medical premiums. The components of net periodic benefit expense are as follows (in thousands):

	Pension benefits		Other benefits	
	2008	2007	2008	2007
Service cost	$ 1,553	1,546	94	81
Interest cost	2,975	2,894	123	108
Expected return on plan assets	(3,942)	(3,485)	—	—
Amortization of transition obligation	—	—	37	36
Amortization of prior service cost	106	106	39	39
Amortization of actuarial gain	—	—	(17)	(20)
Net periodic expense	$ 692	1,061	276	244

Weighted average assumptions used to determine benefit obligation at June 30:

	2008	2007	2008	2008
Discount rate	6.81%	6.30%	6.81%	6.30%
Rate of compensation increase	4.00	4.00	N/A	N/A

Weighted average assumptions used to determine net periodic benefit cost for years ended June 30:

	2008	2007	2008	2007
Discount rate	6.30%	7.00%	6.30%	7.00%
Expected return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	4.00	4.00	N/A	N/A

Assumed healthcare cost trend rates for other benefits:

	2008	2007
Initial rate	8.00%	9.00%
Ultimate rate	7.00	7.00
Year ultimate rate is reached	2010	2009

		Increase	Decrease
Impact of 1% change in healthcare cost trend rates (in thousands):			
Effect on total service and interest cost	$	46	37
Effect on the postretirement benefit obligation		262	295

(a) Plan Assets

The Committee's pension plan asset allocations by asset category are as follows:

	2008	2007
Cash and cash equivalents	3%	1%
Fixed income	31	14
Equities	52	60
Alternative investments	14	25

The investment policies are as follows for 2008:

Fixed income	25%
Equities	60
Alternative investments	15

Based on historically indexed data, the assumed long-term rates of return for 2008 are: fixed income of 5% and equities and alternative investments of 10%, which produce an expected composite rate of return of 8%.

(b) Estimated Future Benefit Payments

It is estimated that $38,944 of the prior service cost, $36,376 of the transition obligations and $24,981 of the actuarial loss will be included as components of net periodic benefit costs in fiscal year 2009.

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The following benefit payments, which reflect expected future service, are expected to be paid as follows (in thousands):

		Pension benefits	Other benefits
Year ending June 30:			
2009	$	2,948	118
2010		3,077	118
2011		3,333	119
2012		3,630	120
2013		3,712	123
2014 – 2018		21,660	663

The Committee does not expect to contribute to the pension plan in fiscal 2009.

(7) Special Retirement Benefits

The Committee is contractually obligated to provide retirement benefits to certain former executives and employees. At June 30, 2008 and 2007, all such special retirement benefits are unfunded and have been accrued. The accrual of special retirement benefits of approximately $1,029,000 and $1,122,000 as of June 30, 2008 and 2007, respectively, represents the actuarially computed present value of such contractual obligations based upon a discount rate of 6.81% and 6.30% for the years ended June 30, 2008 and 2007, respectively.

The benefit payments for the years ended June 30, 2008 and 2007 were approximately $301,000 and $315,000, respectively.

(8) Line of Credit

The Committee had a $3,500,000 unsecured line-of-credit facility with The Bank of New York. There were no amounts outstanding on the facility during the year or at June 30, 2008 and 2007, and the line of credit was allowed to expire. The Committee established a new line of credit for $4,000,000 with JP Morgan in January 2009.

(9) Commentary

On September 1, 2006, an agreement was signed between the Committee and Commentary, Inc., a Delaware nonprofit, nonstock corporation (Commentary), which provides that effective December 31, 2006, the Committee spun off to Commentary all of the assets and liabilities related to the conduct of business of Commentary Magazine. As part of the agreement, the Committee spun off net assets totaling approximately $8,689,000 during fiscal year 2007. Commentary pays rent to the Committee and conducts operations independently.

Commentary occupies space on the fifth floor of the Committee's building in New York City. Rent paid to the Committee by Commentary approximated $140,000 for the year ended June 30, 2008.

(10) Net Assets

Unrestricted net assets at June 30, 2008 and 2007 consist of the following:

		2008	2007
		(In thousands)	
Operating fund	$	22,694	27,542
Fixed assets fund		7,795	7,604
	$	30,489	35,146

Temporarily restricted net assets at June 30, 2008 and 2007 are available for the following purposes or periods:

		2008	2007
		(In thousands)	
Project funds:			
Domestic policy	$	585	554
Interreligious affairs		674	1,324
Government and international affairs		12,249	14,030
Community services and membership		1,024	1,302
Contemporary Jewish life		3,860	2,837
Public education, information, and research		100	41
Executive office		1,256	1,974
		19,748	22,062
For periods after June 30		7,000	9,003
	$	26,748	31,065

(Continued)

Permanently restricted net assets listed below are restricted to investments in perpetuity, the income from which is expendable to support the following purposes:

		2008	2007
		(In thousands)	
Interreligious affairs	$	9,196	9,728
Government and international affairs		11,284	11,346
Community services and membership		12,209	7,308
Jewish communal affairs		7,487	7,191
General operations		20,338	21,189
	$	60,514	56,762

A gift previously reported as permanently restricted has been reclassified in 2008 to temporarily restricted net assets upon clarification of donor intent.

(11) Leases and Other Commitments

The Committee is obligated under noncancelable operating lease agreements for area office space. Minimum annual rentals at June 30, 2008 are as follows (in thousands):

Year ending June 30:		
2009	$	1,912
2010		1,744
2011		1,671
2012		1,418
2013		745
2014 and thereafter		1,679
	$	9,169

Rent expense for the years ended June 30, 2008 and 2007 was approximately $2,102,000 and $1,678,000, respectively.

The Committee leases space to others in its building located in New York City and subleases additional space in Chicago. The leases provide for minimum annual rentals and reimbursement of certain expenses. The following is a schedule of minimum future rentals on noncancelable leases as of June 30, 2008 (in thousands):

Year ending June 30:		
2009	$	912
2010		814
2011		771
2012		719
2013		585
2014 and thereafter		3,274
	$	7,075

The Committee is a party to various litigations, which, in the opinion of management, will not have a material adverse effect on the financial position of the Committee.

(12) Subsequent Events

Since June 30, 2008, significant volatility and decline in the world financial markets have impacted the Committee's investments and pension plan assets. The current challenging economic environment may also lead to reduced contributions in the future.

As of December 31, 2008 (the most recent date available), investments at fair value were approximately $63,600,000 (unaudited). As of November 31, 2008 (the most recent date available), pension investments at fair value were approximately $34,649,000 (unaudited). Because the Plan has become underfunded, the Committee expects to contribute to the Plan in fiscal 2010. The Committee is currently evaluating the amount of the contribution, which is impacted by the funded status of the Plan.

Schedule 1

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Consolidated Statement of Functional Expenses

Year ended June 30, 2008
(with comparative financial information for the year ended June 30, 2007)

(In thousands)

	Program services							Supporting services			Total	
	Domestic policy	Interreligious affairs	Governmental and international affairs	Community services and membership	Contemporary Jewish life	Public education, information, and research	Total	Management and general	Fund-raising	Total	2008	2007
Salaries	$ 947	599	3,964	7,340	643	1,212	14,705	1,843	3,704	5,547	20,252	18,465
Fringe benefits	301	196	1,162	2,055	215	390	4,319	495	937	1,432	5,751	5,898
Total employee compensation	1,248	795	5,126	9,395	858	1,602	19,024	2,338	4,641	6,979	26,003	24,363
Travel	84	166	2,072	487	82	72	2,963	287	72	359	3,322	2,871
Rent	7	20	471	1,305	1	4	1,808	15	279	294	2,102	1,678
Electricity	31	14	44	138	11	40	278	18	32	50	328	316
Telephone	13	24	163	214	7	12	433	11	35	46	479	450
Printing and letter shop	15	15	84	1,076	9	174	1,373	95	599	694	2,067	2,516
Postage	12	7	47	572	8	69	715	81	232	313	1,028	899
Stationery and supplies	21	12	225	304	8	26	596	27	67	94	690	725
Rental and servicing of equipment	37	16	66	298	12	49	478	29	68	97	575	630
Delivery service	1	—	10	27	—	1	39	1	11	12	51	67
Building maintenance	31	17	72	128	14	40	302	18	31	49	351	316
Insurance	12	6	37	65	5	15	140	17	11	28	168	153
Investment advisory fees	—	—	—	—	—	—	—	251	—	251	251	178
Educational materials	81	14	71	36	9	220	431	3	17	20	451	414
Grants	12	23	1,928	47	8	8	2,026	—	—	—	2,026	3,050
Dues paid to other organizations	11	13	32	19	8	8	91	2	2	4	95	87
Conferences, meetings, and events	185	158	1,371	977	215	211	3,117	157	87	244	3,361	3,100
Outside contract program services	145	83	643	933	69	409	2,282	572	135	707	2,989	3,003
Advertising	1	1	10	97	5	1,771	1,885	7	67	74	1,959	1,937
Bank service charges	—	—	—	—	—	—	—	42	—	42	42	126
Catering and facilities rental	—	—	—	—	—	—	—		2,796	2,796	2,796	2,633
Miscellaneous	38	16	65	167	12	48	346	29	44	73	419	118
Total expenses before depreciation and amortization	1,985	1,400	12,537	16,285	1,341	4,779	38,327	4,000	9,226	13,226	51,553	49,630
Depreciation and amortization	123	51	146	479	39	158	996	69	123	192	1,188	1,147
Less expenses deducted directly from revenues on the statement of activities:												
Investment advisory fees	—	—	—	—	—	—	—	(251)	—	(251)	(251)	(178)
Direct costs of special events	—	—	—	—	—	—	—	—	(2,796)	(2,796)	(2,796)	(2,633)
Total expenses	$ 2,108	1,451	12,683	16,764	1,380	4,937	39,323	3,818	6,553	10,371	49,694	47,966

See accompanying independent auditors' report.

Schedule 2

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Supplemental Balance Sheet Information – Institute of Human Relations

June 30, 2008
(with comparative financial information as of June 30, 2007)

(In thousands)

Assets		**2008**	**2007**
Cash and cash equivalents	$	96	81
Contributions receivable (net of allowance for uncollectible amounts of $145 in 2008 and $159 in 2007)		608	453
Prepaid expenses and other current assets		—	24
Total assets	$	704	558
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	5	176
Due to the Committee		631	316
		636	492
Net assets:			
Unrestricted		68	66
Total liabilities and net assets	$	704	558

See accompanying independent auditors' report.

Schedule 3

AMERICAN JEWISH COMMITTEE
AND INSTITUTE OF HUMAN RELATIONS

Supplemental Statement of Activities Information – Institute of Human Relations

Year ended June 30, 2008
(with comparative financial information as of June 30, 2007)

(In thousands)

	2008			2007		
	Amount prior to consolidation	**Eliminations***	**Net**	**Amount prior to consolidation**	**Eliminations***	**Net**
Revenues:						
Contributions	$ 2,677	(2,575)	102	2,691	(2,585)	106
Expenses:						
Program services:						
Domestic policy	1,725	(1,725)	—	1,732	(1,732)	—
Public education, information, and research	670	(670)	—	672	(672)	—
Total program services	2,395	(2,395)	—	2,404	(2,404)	—
Supporting services:						
Management and general	77	(77)	—	77	(77)	—
Fund-raising	203	(103)	100	207	(104)	103
Total supporting services	280	(180)	100	284	(181)	103
Total expenses	2,675	(2,575)	100	2,688	(2,585)	103
Change in net assets	2	—	2	3	—	3
Net assets at beginning of year	66	—	66	63	—	63
Net assets at end of year	$ 68	—	68	66	—	66

* Eliminations occur as part of the consolidation with American Jewish Committee.

See accompanying independent auditors' report.